

BUDGET PROCESSES

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WELCOME

- Thorough and thoughtful attention to the budgets and actuals for the areas under your responsibility help to ensure the optimal use and garnering of funds
- You are the most knowledgeable about your budgeting needs and posted entries. Finance needs you!
- Your input is vital in helping your department in achieving mission goals, perhaps those of other MET areas, and/or the University as a whole

THE BASICS

- The University's Fiscal Years run from **July 1st to June 30th** to better align with academic years
- Fiscal years are 6 months ahead of calendar years

ZERO BASED BUDGETING

- Departmental budgets developed from scratch for each fiscal year based on analyzing costs of every function regardless of previous year's budget and spending
- Time consuming and complex

INCREMENTAL BUDGETING

- The University's budgeting strategy
- Assumes the baseline funding needs for departments will be the same year to year with the need for specific/targeted revisions that can be identified and justified.
- Advantages
 - Simple
 - Time saving
 - Stable
- Disadvantages
 - Could lead to lack of attention to details since huge majority of budget is already assured without effort or justification.
 - Could lead to needless spending so as to ensure receiving the same funds the following year.
 - May fail to account for external factors.
 - Little incentive to review base budgets.

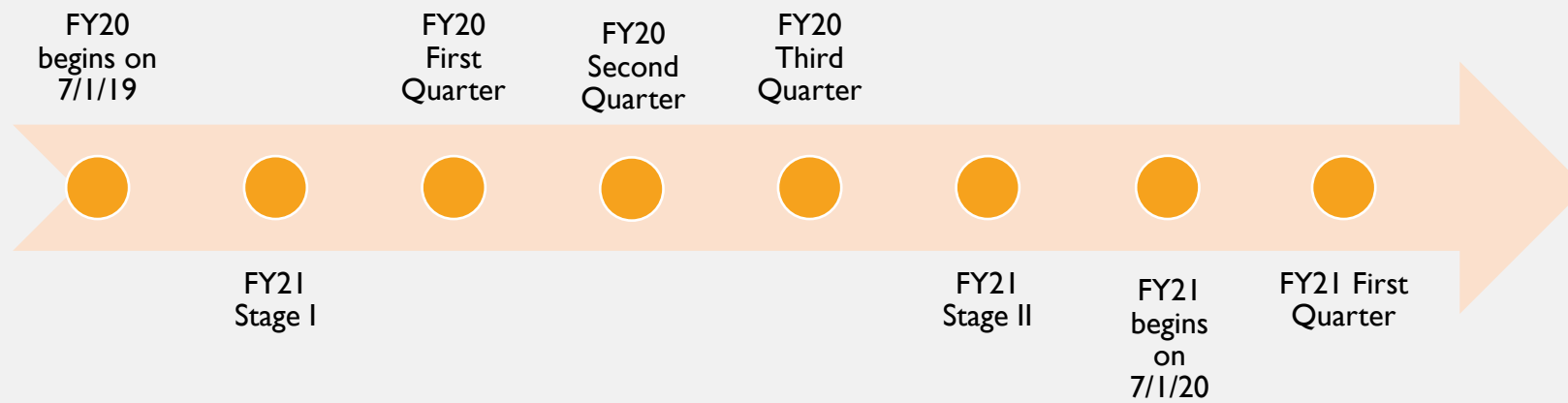
UNRESTRICTED VS RESTRICTED FUNDS

- Unrestricted funds must be spent in the fiscal year they are provided (exceptions accruals/deferrals)
- Restricted funds, gifts (including endowed accounts), grants and other designated funds rollover each fiscal year like a savings account. Not “lost” if not spent. Awareness of! Possible uses.
- At the departmental level, the Stage I and Stage II and Quarterly confirmations are primarily concerned with unrestricted funds

CURRENT BUDGET VS BASE BUDGET

- Current budget concerns only the present fiscal year
- Includes one-time changes to budget. Such as a budget supplement for a new office rug.
- Base Budget is the continuing or “baseline” budget. It does not include one-time/current fiscal year changes to budget.
- Merit increase budget funding example

TIMELINE



QUARTERLY CONFIRMATIONS

- Confirmations take place for the First, Second, Third Quarter
- Quarterly confirmations are concerned with the CURRENT fiscal year's budget
- MET reports to the University after each quarter. The projected actuals are compared to budget to identify any variances
- Note that there was no formal First Quarter budget process this year

SAMPLE DEPARTMENT SECOND QUARTER SUBMISSION (SEE HANDOUT)

SUM ----					55,469	27,176	44,100	27,170	0	27,170	0 (44,100)	
---->												
Funds Center	Dept	Rev/Exp	GL	GL Desc	FY 2019 Final Actuals	FY 2019 Actuals as of 12-31- 18	FY 2020 Budget as of 12-31- 19	FY 2020 Actuals as of 12-31- 19	FY 2020 Commitment as of 12-31- 19	FY 2020 Total (Act. + Comm.)	FY 2020 Q2 Proj. by Dept. (for June 30, 2020)	Variances Q2 vs Budget
I26XXX0000	MET SAMPLE DEPT.	Expense	500452	NWS GRAD SALARIED	3,000	1,500	1,000	501		501		(1,000)
I26XXX0000	MET SAMPLE DEPT.	Expense	500510	TMP/CAS EES- EXMPT	4,500	2,000	5,000	2,015		2,015		(5,000)
I26XXX0000	MET SAMPLE DEPT.	Expense	500530	XTR COMP- TMP/CAS-BO	5,500	2,500	6,000	2,019		2,019		(6,000)
I26XXX0000	MET SAMPLE DEPT.	Expense	500540	TEMP/CAS EES-NE	23,150	15,000	20,000	9,000		9,000		(20,000)
I26XXX0000	MET SAMPLE DEPT.	Expense	500735	HONORARIA						0		0
I26XXX0000	MET SAMPLE DEPT.	Expense	500740	HONORARIA - US CITIZ	2,050	400	2,000	1,600		1,600		(2,000)
I26XXX0000	MET SAMPLE DEPT.	Expense	510010	SUPPLIES	350	50	500			0		(500)
I26XXX0000	MET SAMPLE DEPT.	Expense	510020	CONS SUPPL- CFF/WTR	400	50				0		0

COST CENTERS

- Online MS Computer Information Systems:
- 1267020000
- 1 26 702 0000
- First digit 5,6,8 - Grants
- First digit 9 - Gifts and other Designated Accounts
- Ending in “1” for MET indicates online SUMMER program. For Unit 23 = Entrepreneurial Program.

GL ACCOUNTS

- 4=Revenue, i.e. 420030 Receipts and Credits
- 5=Expense, i.e. 510100 Capital Equipment
- 8=ISR's, Facilities Management etc., i.e. 890100 ISR: Catering
- I will forward GL Account matrix that includes all codes and descriptions.

UNRESTRICTED FUNDS YOU DON'T NEED TO PROJECT

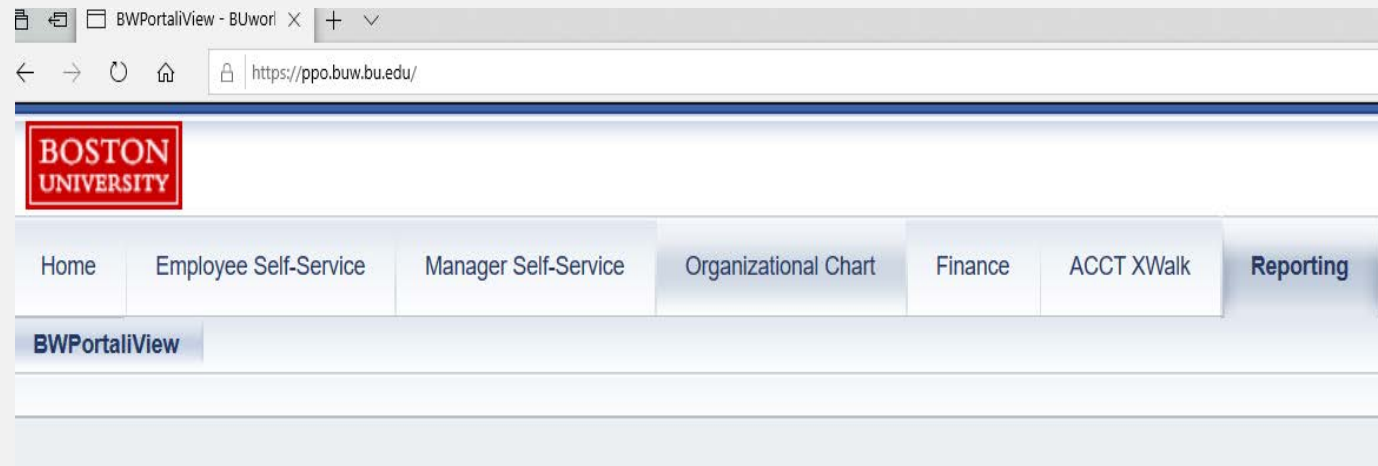
- **For-credit tuition.** University establishes and revises budget based on our enrollment projections. Onlines/MET more involved in proposing tuition budgets.
- **Salaries.** Projected by MET-Finance for most academic departments. Faculty expense based on Dean's Office academic appointment database. Staff salaries very predictable.

THE IMPORTANCE OF ACCURACY

- Identifying budget savings can perhaps allow spending in other GL Accounts that you hadn't thought possible. Could allow for sharing with other departments within MET. Funds could be drawn by the University to fund non-MET initiatives.
- Identifying budget overages can lead to actions being taken to resolve the problem. Such as reclassifications to restricted accounts, trying to realize savings in other areas. Delays in spending so overall departmental variance can be avoided.
- Identifying budget overages or new budgeting needs/initiatives can lead to a request for a supplement from the College, or, at the Dean's discretion the University. (Note that Stage I is usually the time to make such requests when University funding is to be requested for future fiscal year).
- Requesting funding and then realizing savings can result in sub-optimal use of resources. Missed opportunities.
- Great opportunity to catch errors.
- **Variance explanations!** Thorough and compelling justifications help your department and MET succeed and reach goals.

SAP TOOLS

- For Budget/Actuals/Commitments, including history:
- **Reporting**



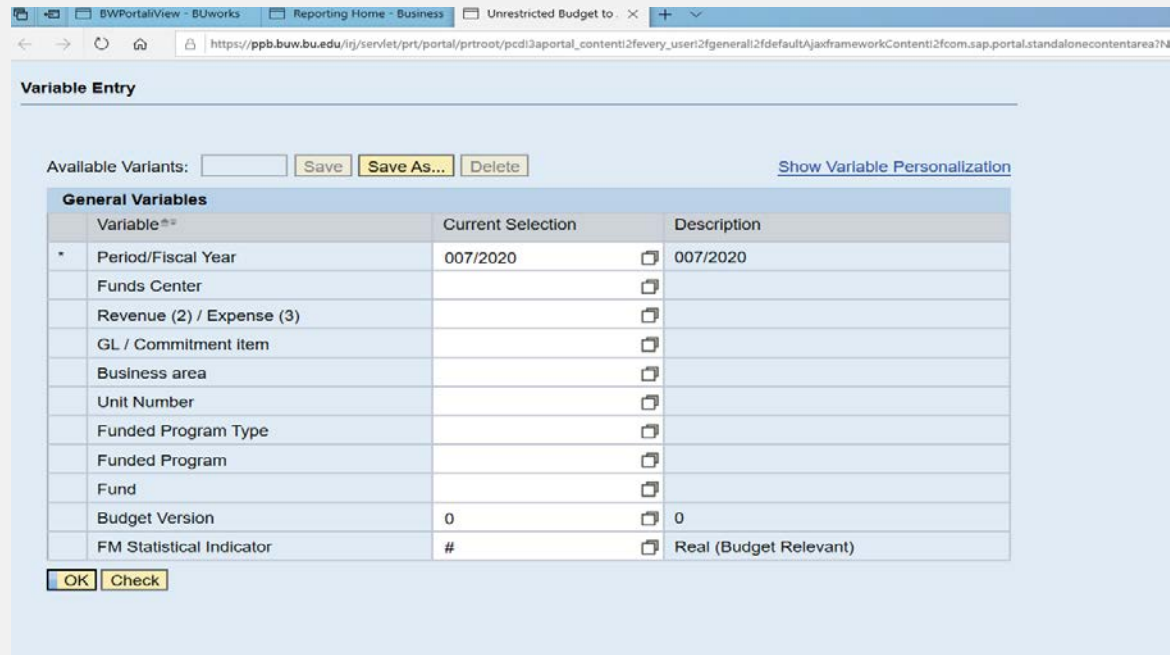
SAP TOOLS

- Reporting/Funds Management (Distributed)



SAP TOOLS

- Unrestricted Budget to Actual by FC – GL/CI Detail
- (To drill down, right click while hovering over revenue/expense field, Select “Goto”, then “Transaction Details”)



The screenshot shows the SAP Variable Entry interface. At the top, there are browser tabs for 'BWPortalView - BUworks', 'Reporting Home - Business', and 'Unrestricted Budget to...'. The address bar shows a URL from 'ppb.buw.edu'. Below the browser window, the title 'Variable Entry' is displayed. There are buttons for 'Available Variants', 'Save', 'Save As...', and 'Delete', along with a link for 'Show Variable Personalization'. The main section is titled 'General Variables' and contains a table with three columns: 'Variable **', 'Current Selection', and 'Description'. The table lists various variables such as 'Period/Fiscal Year', 'Funds Center', 'Revenue (2) / Expense (3)', 'GL / Commitment Item', 'Business area', 'Unit Number', 'Funded Program Type', 'Funded Program', 'Fund', 'Budget Version', and 'FM Statistical Indicator'. Each row has a 'Current Selection' and a 'Description'.

Variable **	Current Selection	Description
* Period/Fiscal Year	007/2020	007/2020
Funds Center		
Revenue (2) / Expense (3)		
GL / Commitment Item		
Business area		
Unit Number		
Funded Program Type		
Funded Program		
Fund		
Budget Version	0	0
FM Statistical Indicator	#	Real (Budget Relevant)

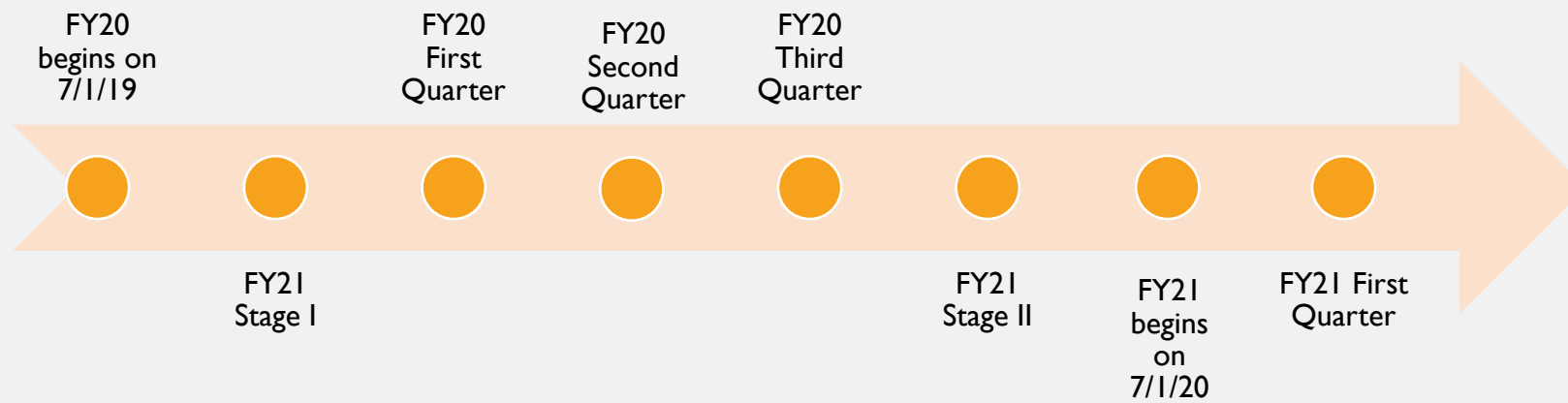
At the bottom of the table, there are buttons for 'OK' and 'Check'.

SAP TOOLS

- For list of ALL posted entries:
- Reporting/
- Funds Management (Distributed)/
- Transaction Detail
- Note that data can be exported to Excel.



TIMELINE



STAGE I & II

- Stage I budget development is concerned with the “Out” year or NEXT fiscal year’s budget, beginning with the future July 1st
- Built off baseline/continuing budgets (as of late summer/early fall)
- MET proposes changes to budgets needed for next fiscal year, such as new positions, funding of initiatives, either one-time or continuing. Could include savings/budget reductions, sometimes mandated by the University.
- Budget Hearing (around November)
- University approvals (around March) and after approval by Board of Trustees.
- Stage II establishes next fiscal year’s budget beginning July 1st

QUESTIONS